

**MINUTES
LCWSD BOARD OF DIRECTOR'S MEETING
JANUARY 19, 2016**

PRESENT: President Marc Liechti, Directors Jack Thomson and Jim Heim, and employees Rodney Olson, General Manager, and Beth Dotson, Secretary

ABSENT: Directors Niles and Wadman

President Liechti called the meeting to order at 2:00 p.m.

AGENDA: A motion was made by Director Thomson to accept the agenda. Director Heim seconded and motion carried.

APPROVAL OF MINUTES: The Minutes of the Board meeting on December 15, 2015 were reviewed. A motion was made by Director Heim to accept these Minutes. Director Thomson seconded and motion carried.

VISITORS: Nicole Noonan, Auditor

Nicole Noonan presented the 2015 Audit Report and stated LCWSD remains in strong financial condition. She explained the new pension standards implemented for 2015 and identified one area involving internal control and operation (cash reconciliation) as an opportunity for improvement. She identified two material weaknesses – 1) contributed capital asset value (South Eighty water system) and 2) assessments receivable (South Eighty and Mission View). She also identified one significant deficiency involving LCWSD's knowledge of generally accepted accounting principles resulting from LCWSD not having an on-staff accountant. This deficiency is remedied by contracting with Nicole Noonan, CPA.

FINANCIAL REPORT

The Income Statement shows Water Fund total revenue in December to be -\$16,632.27, expenses to be \$33,447.13, and total other revenue to be \$528.01 resulting in net income for the Water Fund of -\$16,286.85.

The Income Statement shows Sewer Fund total revenue in December to be \$38,365.71, expenses to be \$52,910.19, and total other revenue to be \$2,902.40, resulting in net income for the Sewer Fund of -\$11,642.08.

The Combined Balance Sheet shows current assets at \$2,193,937.22, fixed assets at \$9,033,650.80, total liabilities at \$553,741.92, and total equity at \$10,673,846.10 for a total liabilities and equity balance of \$11,227,588.02.

A Cash Report was also presented showing a total water fund balance of \$172,739.11 and a total sewer fund balance of \$948,902.87.

A motion was made by Director Thomson to approve this report. Director Heim seconded and motion carried.

BILL APPROVAL: Accounts payable for December were reviewed. Expenses of note included:

- Maintenance Connection – transfer of software to server and annual maintenance fee.
- Mission Communications – annual maintenance fee.
- AMOZ – computer/network upgrade/maintenance.
- Diversified Electric – aerator motor.
- DNRC – water right for Tank Well.
- Core Water Consulting – Tank Well water right completion.
- Safeguard – checks.

The Capital One credit card statement was also reviewed.

Director Heim made a motion to approve the bills. Director Thomson seconded and motion carried.

DELINQUENT REPORT: Progress continues in collecting payment from delinquent accounts.

OLD BUSINESS:

White Oak L/S – it appears that the grinder pump sucks up solid material and it takes a couple of days to chew it up, thus causing high level alarms. Rodney is talking with HD Supply about an upgrade.

South Eighty Water System – clarified that there are no septic systems in the area where the new well will be drilled. Preparation of the Engineering Report will continue.

Lift Station 2 (near Somers) – one pump failed (impeller went through the volute). The other pump has broken bolts. Rodney provided a list of recommendations to upgrade L/S 2 with an estimated cost of \$53,000 to \$62,000.

A motion was made by Director Heim to request bids and go ahead with the upgrades to L/S 2. Director Thomson seconded and motion carried.

Lift Station 11 (near Volunteer Park) - as these 3 HP pumps are small for the amount of flow and are also 28 years old a study was recommended to identify options to upgrade this lift station. Rodney will contact ABS for a price on replacing/upgrading pumps.

NEW BUSINESS:

Meters – along with the Kalispell Water/Sewer Department met with Badger about replacing the Metron meters with Badger meters. It would be a very expensive endeavor.

Met with a new salesman from Metron who assured us that Metron is improving. They also offer a Virtual Network Meter that would enable us to monitor usage on a daily basis. The Board agreed to try 10 of these meters on some of our tougher accounts such as those where there is frequent tenant turnover.

MISCELLANEOUS

Somers Water District

Rodney and Cody met with Rita, Andy, and the other Somers part-time operator regarding Cody supporting the Somers District on a part-time basis. Company truck insurance liability was addressed. Since the truck belongs to LCWSD, liability would fall to LCWSD. Rodney will contact our insurance carrier to draft a separate agreement to cover this liability. It will state that when on a SWSD job, SWSD will cover any liability costs such as deductibles, legal fees, etc. Perhaps should also have a separate agreement to cover liability issues when Cody is using his personal vehicle.

The meeting adjourned at 4:15 p.m.

Respectfully submitted,

Beth Dotson, Secretary

(NEXT MEETING DATE IS TUESDAY, FEBRUARY 16, 2016)